

# Improving the Distribution of Transportation Funding in NC

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# Overview

- What's the problem?
  - We haven't taken care of our road investments
    - Roads are in poor shape
  - Urban congestion is growing
- What needs to be done?
  - Reform the Highway Trust Fund
  - Enhance local responsibilities
  - Rethink the prioritization process

# What's the problem?

- Distribution of revenues do not mirror reality
- Our major roads are in bad condition (but other states are worse)
- Our bridges are in worse condition than many other states and are worse than average
- The steady growth of traffic is confined to urban areas; rural traffic growth is slow
- The Highway Trust Fund mandates the near completion of a four lane road network through rural areas

# Our major roads are in bad condition

- In 2007, 27% of NC arterial roads were in poor or mediocre condition
  - Silver lining?
  - Worse: NJ 78%; CA 66%; CT 47%; PA 44%; MA 41%; MI 37%; IL 34%; TX 32%;
  - Better: OH 25%; VA 23%, FL 13%, GA 4%.
  - US average 33%.

Source: *AASHTO based on FHWA data.*

# Our bridges are worse than average

- 15% (2442) - functionally obsolete (US Ave. 13%)
  - Worse: MA 39%; NY 25%; CT 25%; PA 17%; VA 17%; CA 16%; TX 15%;
  - Better: FL 14%; GA 12%; SC 9%; IL 7%.
- 14% (2680) - structurally deficient (US Ave. 12%)
  - Worse: PA 27%;
  - Better: MI 13%; CA 13%; NY 12%; MA 12%; OH 10%; IL 9%; VA 9%; CT 9%; TN 6%; GA 6%; TX 3%; FL 3%.

Source: 12/2009 data from *Deficient Bridges by State and Highway System 2009*, FHWA

# The growth of traffic is concentrated in urban areas

- The strong growth of VMT in NC since 1970 has slowed in the 2000s.
  - All roads – VMT declined 5% +, 2004-2008
- But very different urban and rural trends
  - Rural arterial roads VMT **declined** ~25% 2004-2008
    - 2008 summer versus 2007 summer, 8% decline
  - Urban arterial roads VMT **increased** 8% 2004-2008
    - But note: 2008 summer versus 2007 summer, 15% decline

*Source: Traffic Volume Trends, Office of Highway Policy Information*

## Urban congestion problems will grow unless addressed

- As NC becomes more urban we can expect rural VMT growth to slow and perhaps even reverse, while urban VMT will continue to grow strongly (except in recessions).
- Congestion in two major metro areas (Charlotte and Triangle) continues to worsen

# The policy repair NC needs

- Reform the Highway Trust Fund
  - Greater role for population count in deciding where funds go
- Enhanced local responsibility for transportation
  - State to focus on major routes
- A new prioritization process
  - Build only what we absolutely must have so we can look after what we have already got



# A rebooted 'equity formula' for the Highway Trust Fund

- Put the money where the traffic is
  - Allocate fund 75% by population, 25% by division (after administration)
- Level the playing field in a new prioritization process
  - No fund set aside for urban loops
  - No statutorily mandated intrastate highway projects
  - End 25% weight in equity formula to complete intrastate highway miles in each division

# A rebooted 'equity formula' for the Highway Trust Fund

- Enhance local responsibility
  - End state funding of secondary road improvements
  - Plan phase out of aid to cities and secondary road maintenance
- Redraw divisions so major metro areas fall within single division (Triangle, Triad, Charlotte, Hickory, Asheville)

# An enhanced role for local government

- Reduce state responsibility so it can focus on major roads that form the backbone of the road network and carry the most traffic
  - Fiscal Research Division (2007) *Justification Review of the Highway Fund and Highway Trust Fund Secondary Roads Program*
- Start now with counties adopting responsibility for construction/improvement of secondary roads
  - HF funds re-programmed for major road and bridge maintenance.
  - HTF funds re-programmed for STIP
    - Could be earmarked for bridge replacement only

# An enhanced role for local government

- Consider and plan a wind back or sunset of state maintenance of secondary roads
  - Possible compensation for low wealth counties
- Consider and plan sunset of HTF and HF aid to municipalities
- Kick start the Intermodal Fund
  - Leverage two local dollars for every state dollar for local public transportation
  - If transfer from HF or HTF, dollars revert to HF or HTF if not drawn down

# Give counties and municipalities new revenue powers

- Local gas tax
- Vehicle utility fees (OR); transportation impact fees
- Increase size of municipal service districts
- Render establishment of special assessment districts easier (majority rule), and allow revenue to be used for maintenance and operations as well as construction
- Local income tax

# New prioritization criteria

- Guided by
  - Multi-modal mobility strategy
  - State-wide logistics plan
  - Life-cycle costs of projects
  - Immediate congestion relief versus likelihood that new lane miles will induce demand and place future strain on resources
  - Environmental impact
  - Access
  - Local land-use plans
  - Concur with SELC testimony

# Prioritization: There must be multiple strategies to slow urban congestion

- Build better roads and road networks
  - Necessary but won't do it alone
  - New roads can induce demand by enabling sprawl and low density development
- Build better public transportation
  - Offer mobility alternatives for elderly and low-income residents and those who want to live in areas where they can move around using public transportation
- Encourage compact growth
  - Make local government more responsible for the transportation costs of their planning decisions
  - Incorporate into prioritization criteria principles that incent more compact growth

Thank you for the opportunity to  
speak to you today

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